Nippon Paper Industries Announces the Sale of its Interests in Daishowa-Marubeni International to Mercer International

Nippon Paper Industries Co., Ltd. (headquartered in Chiyoda-ku, Tokyo, hereinafter the “Company”) and Daishowa North America Corporation (hereinafter “DNAC”), a wholly owned subsidiary of the Company, announced today that they have agreed to sell their 50% interest in Daishowa-Marubeni International Ltd. (hereinafter “DMI”), to Mercer International Inc. (hereinafter “Mercer”), one of the world’s leading producers of market pulp.

1. Sale of DMI

In 1969, the Company and Marubeni Corporation established DMI as a joint venture in British Columbia, Canada, in order to produce and sell market pulp, which is used globally as raw material for paper products. DMI operates through two mills in British Columbia and Alberta and sells pulp globally.

Since the fifth medium-term business plan (FY2015-FY2017), the Company has been conducting a strategic review of its assets and as a result, the Company has decided to sell its interests in DMI.

2. Outline of DMI

<table>
<thead>
<tr>
<th>(1) Name</th>
<th>Daishowa-Marubeni International Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) Location</td>
<td>Suite 700 – 510 Burrard St. Vancouver, BC Canada V6C 3A8</td>
</tr>
<tr>
<td>(3) Title and Name of Representative</td>
<td>Tomoyuki Iida (President)</td>
</tr>
<tr>
<td>(4) Business Description</td>
<td>Manufacture and sale of market pulp</td>
</tr>
<tr>
<td></td>
<td>Generation and sale of electricity</td>
</tr>
<tr>
<td>(5) Capital Stock</td>
<td>C$262 million (12 million common shares, 250 million preferred shares)</td>
</tr>
<tr>
<td>(6) Establishment Date</td>
<td>December 1, 1969</td>
</tr>
<tr>
<td>(7) Stock Ownership</td>
<td>Common shares: Company 50%, Marubeni Corporation 50%</td>
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<td></td>
<td>Preferred shares: Daishowa North America Corporation (wholly owned subsidiary of the Company) 50%, Marubeni Corporation 50%</td>
</tr>
<tr>
<td>(8) Relation between the Company and DMI</td>
<td>Capital Per above</td>
</tr>
<tr>
<td></td>
<td>Personnel Two members of the Company are serving as directors of DMI</td>
</tr>
<tr>
<td></td>
<td>Transaction The Company purchases market pulp from DMI</td>
</tr>
<tr>
<td>(9) Operating Results and Financials of DMI in the Last Three Years (C$ million)</td>
<td>FY ended Dec. 2015</td>
</tr>
<tr>
<td>Net assets</td>
<td>284</td>
</tr>
<tr>
<td>Total assets</td>
<td>691</td>
</tr>
<tr>
<td>Sales</td>
<td>490</td>
</tr>
<tr>
<td>Operating profit</td>
<td>12</td>
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<tr>
<td>Pre-tax profit</td>
<td>15</td>
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3. Outline of Mercer

<table>
<thead>
<tr>
<th>(1) Name</th>
<th>MERCER INTERNATIONAL INC.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) Location</td>
<td>Suite 1120, 700 West Pender Street, Vancouver, British Columbia, Canada V6C 1G8</td>
</tr>
<tr>
<td>(3) Title and Name of Representative</td>
<td>David M. Gandossi, President and Chief Executive Officer</td>
</tr>
<tr>
<td>(4) Business Description</td>
<td>Produces NBSK pulp, green energy and chemicals</td>
</tr>
<tr>
<td>(5) Capital Stock</td>
<td>US$65 million (as of December 31, 2017)</td>
</tr>
</tbody>
</table>
Establishment Date | July 1, 1968
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Net Assets | US$551 million (as of December 31, 2017)
Total Assets | US$1,725 million (as of December 31, 2017)

| Major Shareholders and Stock Ownership | Peter R. Kellogg 35.3% | Gates Capital Management, L.P. 7.4% | Dimensional Fund Advisers LP 6.6% (as of March 23, 2018) |
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Relation between the Company and Mercer | Capital | There are no material capital relationships between the Company and Mercer |
Personnel | There are no material personnel relationships between the Company and Mercer |
Transaction | There are no material transaction relationships between the Company and Mercer |

4. Schedule for the Sale

| Date of Signing | October 4, 2018 |
| Date of Closing | November 30, 2018 (scheduled date) |

About Nippon Paper Industries

**Nippon Paper Industries Co., Ltd.** is one of the top 10 pulp and paper companies in the world. Founded in 1949, the company owns more than 160 group companies and 180 thousand hectares of private timberlands. Under its slogan of “Shaping the Future with Trees”, Nippon Paper develops a diversified business as a comprehensive biomass company by leveraging its technologies and forest resources. The Company generates approximately 1,000 billion yen in net sales and employs nearly 12,000 people. Its common stock trades on the Tokyo Stock Exchange under the securities code 3863. Learn more at [www.nipponpapergroup.com/english/](http://www.nipponpapergroup.com/english/)